

1 Adopt 2 Cal. Code Regs. Section 18530.31 to read:

2 **§ 18530.31 Contributions to Committees and Political Parties.**

3 (a) A “committee” within the meaning of Government Code Section 85303 does not include a
4 candidate-controlled campaign committee or a small contributor committee subject to the limits
5 of Government Code Sections 85301 or 85302. As used throughout this regulation, the term
6 “contribution” includes a contribution of goods and services as well as a monetary contribution,
7 pursuant to Government Code Section 82015, and the term “all-purpose bank account” has the
8 meaning given at 2 Cal. Code Regs. Section 18534(b).

9 (b) A donor makes a contribution for the purpose of making contributions to candidates for
10 elective state office within the meaning of Government Code Section 85303 when the
11 contribution is used as specified in subdivision (c) after the donor clearly indicates to the
12 committee any of the following intentions:

13 (1) That all or part of the contribution be deposited into an all-purpose bank account.

14 (2) That all or part of the contribution be used to make contributions to candidates for elective
15 state office.

16 (3) That all or part of the contribution be used to raise funds that will be used to make
17 contributions to candidates for elective state office.

18 (c) A contribution is used for the purpose of making contributions to candidates for elective
19 state office within the meaning of Government Code Section 85303 when the committee
20 receiving the contribution does any of the following:

21 (1) Deposits a monetary contribution into an all-purpose bank account.

22 (2) Uses a non-monetary contribution to make contributions to candidates for elective state
23 office.

1 (3) Uses a contribution to raise funds that will be used to make contributions to candidates for
2 elective state office.

3 (d) Neither the donor that makes nor the committee that receives a contribution violates
4 Government Code Section 85303 if the contribution is not “used” as described in subdivision (c).
5 The following are examples of contributions that are not “used” as described in subdivision (c):
6

7 (1) A contribution used to defray costs of establishing or administering a committee, including
8 costs of committee fundraising to the extent that the fundraising proceeds are not used to make
9 contributions to candidates for elective state office.

10 (2) A contribution used to make a contribution to a campaign committee other than a candidate-
11 controlled campaign committee for elective state office.

12 (3) A contribution used to make a contribution to a committee primarily formed to support one
13 or more ballot measures.

14 (4) A contribution used to fund an independent expenditure or a communication described by
15 Government Code Section 85310(a).

16 (e) A payment by a committee to an outside fundraising vendor or consultant, and all other costs
17 associated with the conduct of committee fundraising events or activities, must be paid from
18 funds raised under the contribution limits of Government Code Section 85303 and deposited into
19 the committee’s all-purpose bank account, to the extent that the fundraising proceeds are used to
20 make contributions to candidates for elective state office.

21 (f) When fundraising proceeds are used only in part to make contributions to candidates for
22 elective state office, the fundraising costs payable from a committee’s all-purpose bank account
23 shall be a proportionate share of the total cost of the fundraising event or activity, as measured

1 by the committee's use of the proceeds for purposes subject to the limits of Government Code
2 Section 85303. For example, if a committee spent \$10,000 to hold a fundraising event in which
3 the total proceeds amounted to \$50,000, and the committee used \$25,000 of the proceeds to
4 make contributions to candidates for elective state office and \$25,000 to support local candidates
5 and ballot measures, fundraising costs payable from the committee's all-purpose bank account
6 are $\$10,000 \times \$25,000 / \$50,000 = \$5,000$.

7 If it is not feasible for a committee to allocate fundraising costs to specific fundraising
8 events or activities, fundraising costs payable from a committee's all-purpose bank account may
9 be calculated and paid, on or before December 31, for the calendar year. For example, if a
10 committee spent \$200,000 during a calendar year on fundraising events and activities in which
11 the proceeds totaled \$1,000,000, and the committee spent \$700,000 to make contributions to
12 candidates for elective state office and \$300,000 supporting local candidates and ballot
13 measures, the fundraising costs payable from the committee's all-purpose bank account are
14 $\$200,000 \times \$700,000 / \$1,000,000 = \$140,000$.

15 (g) Notwithstanding subdivisions (e) and (f), the following fundraising costs need not be paid
16 from a committee's all-purpose bank account:

17 (1) Costs attributable to ensuring compliance with recordkeeping and contributor identification
18 requirements of Title 9 of the Government Code, including identification of contributors whose
19 contributions must be aggregated.

20 (2) Costs attributable to compensation paid to staff permanently employed by the committee for
21 services related to committee fundraising activities.

22 (3) Costs attributable to the dissemination of fundraising solicitations through regularly
23 published membership newsletters or dues statements.

1 (h) A committee subject to Government Code Section 85303 shall maintain for a period of five
2 years documents and records, including accounts, bills, receipts and computations, sufficient to
3 establish any fact pertinent to the requirements of subdivisions (b) through (h) of this regulation.

4
5 NOTE: Authority: Section 83112, Government Code.

6 Reference: Sections 85301, 85302, 85303, 85310, 85312, Government Code.